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Verwaayen outlines recovery plan for Alcatel Lucent

Alcatel-Lucent announced its third global realignment in as many years on Friday, reformatting the venture around enterprise, service provider and key verticals while stepping up investment in its applications, broadband, optical and IP businesses.

The goal, according to CEO Ben Verwaayen, is to fully bridge the networked and online spheres into a secure anywhere, anytime, any device melange.

"We will work closely with our service provider, enterprise customers and applications providers to make this strategic transformation happen," he said. "We want to stimulate a sustainable business model for the industry that will fuel innovation and the capital investment required to expand the overall Web experience to more people and businesses"

ALU will also slash 6,000 workers from the rolls in an effort to shave $1 billion from operating costs by next year. The move comes on top of the previously announced downsizing of 16,400 jobs and is expected to include 5,000 contractors. The vendor did not outline the cuts but said it intended to pare back costs in manufacturing, procurement and supply chain activities. R&D spend will be refocused along its prized applications, broadband, optical and IP segments, with ALU "partnering or rationalizing spend in other areas" including mature portfolios such as GSM, CDMA 1X and ADSL.

"The new management team [including newly appointed CFO Paul Tufano] is committed to rapidly executing this new strategy and leveraging the new streamlined organization. We are focused on delivering results and restoring profitability," said Verwaayen. "I am confident we have now the strategy and the strengths to succeed."

The company expects to break even next year before achieving single-digit operating margins in 2010. The vendor projects an 8% to 12% decline in the worldwide telecom gear market for 2009 but believes it will maintain market share regardless. Shares sank more than 11% on the news while analysts mocked what appears to be an annual restructuring "in perpetuity."

ALU has remained unprofitable since it arose from the $11.4 billion merger of Alcatel and Lucent two years ago, a stain that eventually lead to a revolt against Pat Russo and Serge Tchuruk earlier this year.

FOUR NEW DIRECTORS: Alcatel-Lucent's board of directors has four new appointees:

- Stuart Eizenstat, Partner of Covington & Burling LLP, former Deputy Secretary, US Department of the Treasury,
- Louis Hughes, CEO of GBS Laboratories LLC, former President of Lockheed Martin, former President of GM International Operations, who will chair the newly formed Technology committee of the board,
- Jean Monty, former Chairman and CEO of BCE Inc (which owns Bell Canada), who will chair the Audit and Finance committee of the board,
- Olivier Piou, CEO of Gemalto.

What's News Today

PACNET DELAYS FLOAT

Pacnet blamed market conditions for shelving a $US1 billion float, with CEO Bill Barney telling Bloomberg the carrier was unlikely to offer shares for at least a year. "We've prepared the company for listing and will list but it's just that markets are so volatile now." The worldwide liquidity crisis has wiped 49% from global stock values this year and scuppered several high-profile floats including a Vodafone share sale. But crumbling markets could also be seen as a boon, Barney said. Pacnet is sifting through the wreckage for bargain buys and has its eye on Australian carrier AAPT among others. "We've been looking at acquisitions not only in Australia, but also in Japan, China and India. We call them players in the content delivery space and we've been quite active in the last few weeks."

INDIA 3G AUCTION

India will auction off 3G spectrum on 15 January, according to telecom secretary Sidhharth Behura. The date ends months of speculation although state carrier MTNL last week launched a free 3G trial having previously obtained next generation airwaves without contest. Next month's auction includes a $412 million floor for a nationwide 3G footprint, although communications minister Andimuthu Raja has indicated winning bids could be up to 20 times higher. The sale is open to foreign investors.

AT&T BUYS WAYPORT

AT&T completed its $275 million Wayport acquisition, boosting its global Wi-Fi hotspot network to nearly 80,000 locations. "Looking ahead, we see Wi-Fi as a strategic opportunity for AT&T," AT&T Mobility chief Ralph de la Vega said of the deal. The carrier logged 2.5 million Wi-Fi connections last month and is nearing completion of a hotspot rollout at nearly 7,000 Starbucks locations to capitalize on growing uptake of the technology. An estimated 1 billion Wi-Fi devices are expected to be shipped in 2012.

Directors Jozef Cornu and Daniel Lebègue resigned on Friday.

The company also announced some management appoint tments. Following Helle Kristoffersen's appointment as head of Global Account and Verticals Solution Marketing in the Enterprise and Verticals organization, the firm appointed Rajeev Singh-Molares, a senior executive with more than 20 years of experience, as SVP, Strategy and corporate development. He will join the company early January 2009 and will report to Ben Verwaayen, Alcatel-Lucent's CEO.

CHINA HAND APPOINTED: The form also appointed Sean Dolan as President of the Asia-Pacific region in replacement of Etienne Fouques, who has decided to retire early next year. Sean Dolan is currently COO of the Asia-Pacific region. Prior to this position, Sean Dolan was the President of North Asia. From 2005 to 2006, he served as COO for Lucent Technologies China and as Vice President of their Product Management and Development (PM&D), based in Beijing.

Patrick Neighly

Asia's fastest growing TMT companies talk 2009

A survey of CEOs from Asia's fastest growing technology, media and telecoms companies reveals both optimism and concerns in the face of the current global economic downturn.

As part of the annual Deloitte Technology Fast 500 Asia Pacific list, the accounting and consulting firm asked the qualified companies' CEOs about their views on the potential impacts in 2009 on their business, growth and operations. Over 300 CEOs on the list of 500 companies responded to the survey.

86% of the respondents were extremely confident or very confident that their company will sustain its high level of growth over the next 12 months. 44% of the responding CEOs say there has been no significant impact to their company as part of the global downturn. But while 27% of the respondents say there will be no change in their company's strategy, 21% say their company's strategy is under review and 8% stating that they are changing their strategy.

Despite the optimism, the biggest threat to growth identified by 35% of the respondents is financial pressure, including limited access to capital, deflationary pressures and rising interest rates. The biggest operational challenge highlighted by 38% of the CEOs was finding, hiring and retaining qualified employees, a figure that is downed from 54% last year.

Just over half of the respondents say they will rely on organic growth

CHROME OUT OF BETA

Google brought its Chrome browser out of beta. The company claims some 10 million surfers are actively using its software after 100 days in beta - less than 1% of the browser market compared to the near ubiquity of Internet Explorer. The swift exit from beta is a rarity for the company, which has kept even its popular Gmail application officially in test mode for four years. Google plans to update Chrome roughly once a quarter to boost uptake and grow market share.

IBM LAUNCHES CLOUD CONFERENCING

IBM launched a new cloud conferencing service and announced InterCall as its debut distribution partner. Lotus Sametime Unyte 8.2 permits subscription-based multimedia collaboration between endpoints anywhere in the world, including support for nine languages including Chinese, Korean and Japanese. The suite interfaces with Lotus Notes and Lotus Sametime and enables real time document exchange in a variety of formats. InterCall expects to make the platform available to its business customers from 1 January. "Sametime Unyte delivers the reliability businesses expect from IBM, while offering the inherent ease of access and pricing associated with cloud services,' said IBM Lotus online collaboration services vice president Sean Poulley, noting enterprises "are becoming more environmentally aware and focused on re-

	Company Name	Country	Industry Sector	3 Year Revenue growth %
1	ILI TECHNOLOGY CORP.	Taiwan	Semiconductors Components & Electronics	93,757.52
2	Jetion Holdings Limited	China	Semiconductors Components & Electronics	34,706.00
3	Beijing 100e Science & Technology Co., Ltd.	China	Internet	8,429.27
4	Beijing LETV Mobile Media & Technology Co,. Ltd.	China	Internet	8,331.48
5	T3 Entertainment Co., Ltd.	South Korea	Software	4,965.82
6	Modern Cell & Tissue Technologies Inc.	South Korea	Biotechnology/Pharmaceutical	4,917.14
7	ReneSola Ltd.	China	Semiconductors Components & Electronics	4,793.34
8	Shenzhen Launch Digital Technology Co., Ltd.	China	Computers & Peripherals	3,679.82
9	AirMedia Group Inc.	China	Other	3,130.12
10	CHIPSIP Technology Co. Ltd	Taiwan	Semiconductors Components & Electronics	2,867.57

in the next 12 months, while 23 say they will look for acquisitions. Only 18% see a possible IPO in that time frame, while 6% see a possible merger and 2% see the possibility of being acquired.

According to Patrick Tsang, Deloitte's TMT industry leader for Northern China, the initial survey was conducted in August and September, but a subsequent follow up was conducted in October to take into account the state of the global economy.

Deloitte's Technology Fast 500 lists companies with minimum operating revenues of US$50,000, and have been in business for 3 years. 361 companies on the list had revenues of over US$10 million, while 14 had revenues of over US$1 billion.

This year's top 10 fastest growing companies on the Technology Fast 500 list was dominated by firms from China, including Taiwan. Out of the top 10 companies six were from China, two from Taiwan and two from South Korea. The fast growing company, Taiwan semiconductor firm, ILI Technology Corp. registered a revenue growth of 93,757% over the past three years. In second place was Jetion Holdings Ltd., a semiconductor maker for solar panels, grew its revenue by 34,706% over the same period.

Tony Chan

Ciena's surprise loss

Ciena blamed a carrier clampdown on gear spend for a surprise fiscal 4Q loss and warned it was unable to provide guidance beyond a lower-than-expected 1Q forecast.

"In the short term, we don't have much visibility because [our customers] don't have much visibility," CEO Gary Smith stated. The vendor lost $25.4 million in the quarter after revenues fell 17% year on year to $179.7 million. It expects to generate as little as $170 million in the its fiscal first quarter—more than $22 million below analysts' forecast average.

Smith said Ciena identified spending contractions among US players as far back as August. "We initially saw that in tier 1 North American players and now that's broadened. Now it's all geographies."

The quarter capped off a lackluster year for the optical switch maker, with GAAP profit of $38.9 million well below the $82.8 million posted a year earlier. Fiscal 2008 revenues rose 16% year on year to $902.4 million.

But Smith remained optimistic. "While we expect the current, challenging environment will persist through 2009, our goal and our focus is to manage our business to be both profitable on an as-adjusted basis and cash-flow positive for the year," he said. "We believe that underlying capacity demands and our customers' business need to transition to more efficient networks remain fundamental demand drivers for our business."

Intel's Indian WiMAX plans

Intel expects to have WiMAX terminals on the Indian market by next summer, according to segment head Sriram Viswanathan. The company is working with local service providers and manufacturers on a crop of mobile broadband notebooks and netbooks tailored for the domestic market and has established an alliance with the WiMAX Forum India to ensure a successful 2009 launch. Initial product will focus on a forthcoming 2.3GHz and 2.5GHz spectrum auction, with services expected to attract up to 27.5 million subscribers within three years.

"This is a very exciting time for India and WiMAX," Viswanathan told attendees of an Indian telecoms conference. "WiMAX has the ability to help bridge the digital divide with the most cost effective and highest-performing wireless broadband technology available today. The availability of low cost devices for end users forms an essential part of the promise and capability of WiMAX."

ducing travel expenses without slowing their growth."

DRM BIG IN ASIA

Asia Pacific will soon replace North America as the top market for pay-TV DRM and conditional access on a revenue basis, according to ABI Research. The segment is expected to generate $612 million annually within five years thanks to surging demand while North American deployments run into maturation caps. Regional demand is expected to be especially high in China and India as paid video and satellite TV options multiply. "The interest in traditional linear pay TV services as well as interactive and on-demand content in these markets continues to grow. Additionally, we see high-definition as another driver for content protection," noted analyst Michael Wolf, predicting the growth will prove especially lucrative for conditional access players such as NDS and Widevine.

INDIA AIMS FOR $650M MOBILE SUBS

India could reach 650 million mobile subscribers within three years, according to Prime Minister Manmohan Singh. The forecasts implies a doubling of cellular uptake and Singh said rural coverage is likely to prove a key driver. "At this rate of growth, the total telecom subscriber base is expected to reach 700 million by the year 2012 with about 650 million mobile users and 50 million landlines," he told attendees of a telecoms conference. India remains the world's fastest-growing mobile market thanks to low tariffs and a 30% teledensity.

YAHOO REVISES SEVERANCE PLAN

Yahoo revised a controversial severance plan to make the prospect of a search deal more attractive to former suitor Microsoft. An earlier package granted considerable severance benefits to any employee let go within two years of a change in ownership - a framework seen by critics as a time bomb intended to dissuade Microsoft from pursuing a hostile takeover.

Airbiquity expands into China

Seattle-based telematics company Airbiquity has expanded into China allowing it to tap the Asia Pacific market the firm said.

It is looking to offer its full suite of telematics and connectivity solutions to the Chinese telematics market under the business name Ai Bi Ke Communications Technology Co. The firm has also set up a satellite office in Chengdu.

"The market opportunity for vehicle-centric information and communication technology offerings is growing rapidly in the Chinese market," said Thilo Koslowski, vice president, automotive and vehicle ICT at Gartner. "Mobile phone penetration in China will reach nearly fifty percent by 2010; furthermore we anticipate that by 2012 about 10 percent of all vehicles sold in China will be Vehicle ICT enabled. This will provide the technology foundation to support innovative location, navigation and mapping services in the region."

According to Phil Magney, vice president and principal analyst of iSuppli Automotive Practice, the telematics industry in China, despite being a new market, is poised for growth with subscription rates continually rising.

"A growing automotive market is driving the need for traditional telematics services and several OEMs have announced plans to roll out their programs. These developments are creating favorable market conditions for a successful nationwide telematics service in China," Magney added.

Pamela Perez

O3b bags Afghanistan deal

Afghan ISP Neda Telecommunications says it will use Google-funded O3b Networks' Quick Start service in a multi-year, multi-million dollar deal that will provide Afghanistan global Internet connectivity.

O3b Networks funded by Google, Liberty Global and HSBC Principal Investments is planning to deploy the world's first ultra-low-latency, Medium Earth Orbit, Ka-band, "fiber-speed" satellite network. The network is targeting emerging and developed markets, as well as selected vertical markets. Service activation and ground equipment is scheduled for late 2010, the firm said.

Paul Shaw, CEO of NEDA said, "With O3b's low-latency connection to the global Internet, our customers will be able to fully utilize today's web 2.0 applications. There is a substantial and continuously growing demand all across Afghanistan for Internet services. Throughout the world low latency access to the Internet at significantly lower costs is proving to be a key factor in economic and social development. We are proud to be a part of bringing the O3B service to Afghanistan, and helping Afghanistan to compete on an equal basis with the rest of the world."

Pamela Perez

AT&T opens India data centre

AT&T has opened its first data centre in Bangalore, India. This is part of AT&T's previously announced billion-dollar global network and portfolio investment for 2008.

Gopi Gopinath, chairman and chief executive officer of AT&T Global Network Services India said, "With the further enhancement of our hosting facilities in the Asia Pacific region, AT&T will be able to support multinational customers in India who turn to AT&T for integrated hosting and network solutions, allowing them to focus on running their businesses."

The new centre directly connects to AT&T's global MPLS backbone and will allow data centre customers to access AT&T's fully integrated managed hosting, application and networking services to support their data and e-commerce needs. Connectivity to the centre can be supported with AT&T's existing suite of managed data services in India, the

But a rocky second half has caused management to reconsider its options. The new severance package seems custom built for renewed talks with Microsoft, explicitly ruling out both the divestment of its search operations and a fresh board of directors as a trigger. The plan also halves its jurisdiction to one year following a deal.

SPRINT APPROVAL

Sprint Nextel won preliminary approval for a $17.5 million settlement over early termination fees that could help it dodge a separate class action some analysts believe could ultimately cost the operator $1.2 billion in penalties. A US District Court judge agreed in principle to the settlement with New Jersey subscribers, which comes ahead of the planned March implementation of a new ETF framework aimed at staving off consumer complaints by halving the $200 tariff after 15 months. The agreement does not affect a previous $73 million ETF judgment recompensing California subscribers but could potentially scupper a brewing national class action suit, according to legal experts. The settlement would take the form of cash, credits and vouchers.

RIM BUYS CHALK

Research In Motion reached agreement to acquire Chalk Media in an $18.6 million cash deal. Chalk is best known for its BlackBerry push media application suite, which enables enterprises to distribute mobile audio and video throughout the organization. The proposal includes an immediate $1.7 million loan to underwrite Chalk operations until the transaction is completed. The offer requires court approval and permission from 75% of Chalk shareholders. RIM expects to close the deal in February.

VOICE INCREASING

US voice revenues will approach $140 billion next year, according to Insight Research. The company believes mobile services will account for an increasingly larger percentage of the total haul.

firm said.

Sonus Networks cuts 5% of workforce

Sonus Networks is planning to shave off 5% of its workforce or about 50 jobs, but would continue to hire in some of its operations such as Bangalore, India, the firm said.

The move is in line with its plan to shift business towards higher growth areas including wireless and cable, said spokeswoman Lucy Millington. The restructuring is pegged for completion in the fourth quarter of this year.

Following the job cuts, the expects restructuring charges for severance and related costs of approximately US$850,000 to US$950,000 on a pre-tax basis in the fourth quarter of 2008.

The firm also expects annual compensation-related cash savings of about US$5 to US$6 million for the full year.

Cisco's Singapore plans

Cisco Systems will build a Singapore technology center in cooperation with the Infocomm Development Authority.

The vendor said it would invest $18 million across the next three years to establish the EPIC@SG facility as a hub for players seeking to build and deliver services via the Next Generation National Broadband Network. The center is expected to create up to 1,800 IT jobs by 2015 and contribute at least $150 million to the local economy. EPIC@SG is slated to come online in July, offering consulting, training and test bed services.

"We are proud to collaborate with the Singapore government to launch what is Cisco's first EPIC centre in the world," said Cisco globalization chief Wim Elfrink. "Visionary countries like Singapore understand that the network is the fourth utility, enhancing global competitiveness, innovation and standard of living. EPIC@SG is a key component in our global strategy to bring innovation centers closer to where we see new business models and new world services emerging.'

LINKSYS SUIT: The Free Software Foundation sued Cisco for allegedly violating terms of its software licenses and improperly preventing its customers from obtaining access to the source code for open source software in its Linksys line. "In the course of distributing various products under the Linksys brand, Cisco has violated the licenses of many programs on which the FSF holds copyright, including GCC, binutils, and the GNU C Library," the foundation stated.

The FSF claims it tried to bring Cisco around for five years but was finally forced to file a complaint in US District Court as the vendor was allegedly refusing to comply with its licensing terms. It seeks to block the further sale of Linksys gear containing FSF code and has demanded all associated profits as damages.

"Customers weren't receiving all the source code they were entitled to under our licenses," FSF licensing compliance engineer Brett Smith said in a blog post. "The FSF has put in too many hours helping the company fix the numerous mistakes it's made over the years. Cisco needs to take responsibility for its own license compliance.'

Cisco said it was "disappointed" at the move. "We are currently reviewing the issues raised in the suit, but believe we are substantially in compliance. We have always worked very closely with the FSF and hope to reach a resolution agreeable to the company and the foundation.'

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